

## Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 EA-06 ISO-00 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-02

/043 W

----- 036847

R 251534Z FEB 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8232

INFO AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY NAIROBI

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EAIR, GW

SUBJ: CIVAIR - RESTRICTIVE PRACTICES

REF: (A) STATE 023126; (B) BONN 13190, AUG 20, 74; (C)

BONN 06937, APR 30, 74; (D) BONN 02311

1. EMBASSY HAS NOW HAD AN OPPORTUNITY TO REVIEW  
GERMAN GOVERNMENT POLICIES CITED BY PAN AM AS  
HAVING A NEGATIVE IMPACT ON THE OPERATIONS OF US  
CARRIERS IN THE FRG. THE PRINCIPAL POINTS RELATE  
TO FRG OWNERSHIP OF LUFTHANSA (LH) AND OTHER TRANS-  
PORTATION ENTERPRISES INCLUDING SCHENKER, THE  
LARGEST FREIGHT FORWARDER AND CONSOLIDATOR IN  
GERMANY, THE DEUTSCHE REISEBUERO (DER), THE MOST  
IMPORTANT ITC ORGANIZER IN THE COUNTRY. PAN AM  
FURTHER REFERS TO LH'S OWNERSHIP OF CONDOR (BUT IN  
OUR VIEW OVERSTATES THE CHARTER CARRIER'S SHARE OF  
THE GERMAN MARKET) AND AIRTOURS INTERNATIONAL, A  
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CONSORTIUM OF IMPORTANT GERMAN TRAVEL AGENTS WHICH  
WAS FOUNDED BY LH AND IN THE VIEW OF MOST OBSERVERS

FAVORS THE NATIONAL CARRIER WHENEVER POSSIBLE. WE WOULD CONCUR THAT FRG EQUITY INTEREST IN A BROAD RANGE OF INTERRELATED TRAVEL AND TRANSPORT ACTIVITIES TENDS TO GIVE LH SIGNIFICANT COMPETITIVE ADVANTAGES IN EXPLOITING THE DOMESTIC MARKET. ON THE OTHER HAND, FOREIGN CARRIERS ARE BY NO MEANS EXCLUDED FROM THE MARKET AS EVIDENCED BY THE ACTIVE ROLE IN THE GERMAN MARKET PLAYED BY THE 5 US SUPPLEMENTAL CARRIERS AND THE 2 SCHEDULED AIRLINES OPERATING HERE (EXCLUDES TWA).

2. WE LIKEWISE ARE INCLINED TO SHARE PAN AM'S VIEW THAT (LH) DERIVES BENEFITS FROM OPERATING ON ITS HOME GROUND WITH LARGE INSTALLATIONS AT ALL FRG AIRPORTS. AVAILABLE INFORMATION ON SPECIFICS IN THIS AREA IS SKETCHY AT BEST, HOWEVER, WE ARE AWARE THAT (LH) HAS NEGOTIATED PARTICULARLY FAVORABLE RATES ON LOADING BRIDGES AT FRANKFURT. MOREOVER, LH OPERATES ITS OWN MAJOR MAINTENANCE AND OVERHAUL FACILITIES AT HAMBURG AND FRANKFURT AND OWNS A CATERING SUBSIDIARY; HOWEVER, IT HAS NO EXCLUSIVE FRANCHISE FOR ANY OF THESE SERVICES AT FRG AIRPORTS AND WE ARE AWARE OF MANY INDEPENDENT FIRMS OFFERING COMPARABLE SERVICES TO OTHER CARRIERS.. THE EMBASSY HAS FOUND NO EVIDENCE OF LANDING FEE OR RENTAL REBATES AT FRG AIRPORTS AND BELIEVES THAT NONE EXIST. LUFT-HANSA IS SUBJECT TO THE PAYMENT OF THE VARIABLE LANDING FEE (PASSENGER SERVICE CHARGE) AND AIRWAY USER CHARGES UNDER EUROCONTROL. THERE ARE THUS, NO EXEMPTIONS FROM FEES AND TAXES DERIVED FROM

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 EA-06 ISO-00 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-02

/043 W

----- 040691

R 251534Z FEB 75  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8233  
INFO AMEMBASSY LAGOS  
AMEMBASSY LONDON  
AMEMBASSY NAIROBI  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO

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GERMAN PASSENGERS TRAVELING ON THE NATIONAL AIRLINE.

3. UNDER FRG REGULATIONS GOVERNMENT OFFICIALS TRAVELING ON OFFICIAL BUSINESS MUST USE LH OR WHERE NO SERVICE IS AVAILABLE MUST PURCHASE TICKETS THROUGH THE NATIONAL CARRIER. DISCOUNTS ARE GRANTED TO GOVERNMENT OFFICIALS INVOLVED IN AVIATION MATTERS BUT AS FAR AS WE CAN DETERMINE SIMILAR TREATMENT IS NOT AVAILABLE TO OTHER CATEGORIES OF OFFICIALS TRAVELING PRIVATELY. CARGOES PAID FOR BY THE FRG--AS FOR EXAMPLE DESTINED FOR RECIPIENTS OF FRG DEVELOPMENT AID--MUST ALSO BE CARRIED BY THE NATIONAL CARRIER. SIMILARLY, FRG LEGISLATORS, WHILE NOT LEGALLY BOUND TO ARE ENCOURAGED THROUGH SUASION TO USE LH. A PAN AM ASSERTION THAT THE MANY INSTITUTIONS AND INDUSTRIAL ENTERPRISES SUBSIDIZED BY

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THE FRG MUST USE LH BY GOVERNMENT DIRECTIVE HAS BEEN DENIED BY OUR CIVAIR CONTACTS.

4. THERE ARE, OF COURSE, NO FRG REGULATIONS RESTRICTING THE TRANSFER OF LOCAL AIRLINE EARNINGS. FOREIGN EXCHANGE REGULATIONS GOVERNING THE SALE OF INTERNATIONAL AIR TRAVEL SERVICES ARE CONSISTENT WITH IATA RESOLUTIONS. SINCE ALL CARRIERS OPERATING IN THE FRG (WHETHER IATA MEMBERS OR NOT) ARE GIVEN OPERATING PERMISSION BY THE TRANSPORT MINISTRY ONLY ON CONDITION OF OBSERVING IATA RULES THERE IS NO DIFFERENTIAL TREATMENT IN THIS CONTEXT.

HILLENBRAND

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